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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

DISCLOSEABLE TRANSACTION

DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

On 9th November, 2021, TA Prosperity (an indirect non wholly-owned subsidiary of the Company) entered into the Cooperation Development Agreement with the JV Partner, the Target Company (a direct wholly-owned subsidiary of TA Prosperity) and the Project Company (a direct wholly-owned subsidiary of the Target Company), pursuant to which (i) the JV Partner agreed to acquire a 40% equity interest in the Target Company by a capital injection of RMB160,000,000 (equivalent to approximately HK\$192,771,000), and TA Prosperity agreed to make a further capital injection of RMB239,000,000 (equivalent to approximately HK\$287,952,000), such total amount of the Capital Injection will be used to fund a portion of the Land Cost; and (ii) the JV Partner and TA Prosperity shall share the Land Cost of RMB798,120,000 (equivalent to approximately HK\$961,590,000) proportional to their equity interest of 40% and 60% in the Target Company, respectively.

LISTING RULES IMPLICATIONS

As the percentage equity interest of TA Prosperity in the Target Company is reduced from 100% to 60% upon completion of the Deemed Disposal, the transactions contemplated under the Cooperation Development Agreement constitute a deemed disposal of equity interest in the Target Company under Rule 14.29 of the Listing Rules.

As one of the Percentage Ratios in respect of the Deemed Disposal exceeds 5% but is less than 25%, the entering into of the Cooperation Development Agreement and the transactions contemplated thereunder constitutes a discloseable transaction for the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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The principal terms of the Cooperation Development Agreement are set out below:

Date

9th November, 2021

Parties

- (1) TA Prosperity
- (2) the JV Partner
- (3) the Target Company
- (4) the Project Company

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the JV Partner and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Capital Injection and Sharing of Land Cost

Immediately prior to the entering into of the Cooperation Development Agreement, the Target Company is held as to 100% by TA Prosperity with a registered capital of RMB1,000,000 (equivalent to approximately HK\$1,205,000) which is not yet paid-up by TA Prosperity. Upon the Capital Injection of RMB160,000,000 (equivalent to approximately HK\$192,771,000) by the JV Partner and RMB239,000,000 (equivalent to approximately HK\$287,952,000) by TA Prosperity, the registered capital of the Target Company would be increased to RMB400,000,000 (equivalent to approximately HK\$481,928,000) and the Target Company would be held as to 40% and 60% by the JV Partner and TA Prosperity, respectively, and would cease to be a subsidiary of the Company as certain key corporate matters of the Target Company require the unanimous consent from all directors of the Target Company.

The primary asset of the Target Company is its entire equity interest in the Project Company, which in turn is the sole beneficiary and developer of the Land. Pursuant to the Cooperation Development Agreement, the JV Partner and TA Prosperity agreed to share the Land Cost of RMB319,248,000 (equivalent to approximately HK\$384,636,000) and RMB478,872,000 (equivalent to approximately HK\$576,954,000), respectively, representing 40% and 60% of the total Land Cost of RMB798,120,000 (equivalent to approximately HK\$961,590,000), which is proportional to their respective equity interest in the Target Company.

The Land Cost will be funded by (i) the paid up registered capital of the Target Company of RMB400,000,000 (equivalent to approximately HK\$481,928,000); and (ii) shareholders' loans to the Target Company by each of the JV Partner and TA Prosperity proportional to their respective equity interest in the Target Company.

The total capital contribution by each of the JV Partner and TA Prosperity, including the Capital Injection, was determined after arm's length negotiations with reference to (i) the proportion of equity interest in the Target Company to be held by each of the JV Partner and TA Prosperity after completion of the Capital Injection; (ii) the capital requirements of the Target Company; and (iii) the acquisition cost of the Land resulting from the successful bid of the Land by the Target Company through tender in the PRC.

TA Prosperity will fund its portion of the capital contribution with its internal resources.

Completion

Completion of the Deemed Disposal took place on the even date of the Cooperation Development Agreement and the JV Partner and TA Prosperity shall thereafter share the profit and loss of the Target Company in proportion to their respective equity interest in the Target Company.

Management of the Target Company

Significant matters of the Target Company (including but not limited to increase or reduction in capital, amendments to the articles, mergers, demergers and liquidation) shall be unanimously approved by all the shareholders of the Target Company.

The board of directors of the Target Company shall consist of five directors, of whom two would be nominated by the JV Partner and three would be nominated by TA Prosperity. The chairman of the board of directors of the Target Company shall be a director nominated by the JV Partner. All decisions of the board of directors of the Target Company shall be approved by unanimous consent of all directors.

Profit distribution

The profit shall be distributed to the JV Partner and TA Prosperity in accordance with their respective equity interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 6th November, 2020 and is an investment holding company which holds the entire equity interest in the Project Company, which in turn is the sole beneficiary and developer of the Land. The Land has a site area of 26,604 m² and has been planned for residential use.

The following is the unaudited financial information of the Target Company for the period from 6th November, 2020 (date of incorporation) to 31st December, 2020, and from 1st January, 2021 to 30th September, 2021 which has been prepared in accordance with HKGAAP:

	For the period from 6th November, 2020 to 31st December, 2020 RMB'000 (unaudited)	For the period from 1st January, 2021 to 30th September, 2021 RMB'000 (unaudited)
Revenue	0	0
Net loss before taxation	7	47
Net loss after taxation	7	47

The unaudited net asset value of the Target Company as at 30th September, 2021 was approximately RMB946,000 (equivalent to approximately HK\$1,140,000).

FINANCIAL IMPACT OF THE DEEMED DISPOSAL

Immediately prior to the entering into of the Cooperation Development Agreement, the Target Company is a direct wholly-owned subsidiary of TA Prosperity. Upon completion of the Deemed Disposal, the Target Company is owned as to 60% by TA Prosperity and 40% by the JV Partner. However, as certain key corporate matters of the Target Company require the unanimous consent from all directors of the Target Company, the Target Company is treated as a joint venture of the Company and ceases to be a subsidiary of the Company upon completion of the Deemed Disposal. As such, the Target Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into the financial statements of the Group. It is expected that the Deemed Disposal would not have any significant impact on the consolidated financial statements of the Group.

PROCEEDS FROM THE DEEMED DISPOSAL

The proceeds from the Deemed Disposal will be used to fund the Land Cost.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

The Deemed Disposal allows the Group to diversify its risks in the development of the Land. The contribution of 40% of the Land Cost by the JV Partner improves the Group's liquidity by reducing the Group's contribution amount to the total Land Cost and allows allocation of its financial resources in other sectors.

In light of the aforesaid, the Directors are of the view that the Deemed Disposal is on normal commercial terms, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY, TA PROSPERITY, THE JV PARTNER, THE TARGET COMPANY AND THE PROJECT COMPANY

(1) The Company

The Company is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

(2) TA Prosperity

TA Prosperity is a company established in the PRC with limited liability and is an indirect non wholly-owned subsidiary of the Company.

The principal business activity of TA Prosperity is investment holding.

(3) The JV Partner

The JV Partner is a company established in the PRC with limited liability and is owned by the Partners.

The principal business activity of the JV Partner is investment holding.

(4) The Target Company

The Target Company is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of TA Prosperity immediately prior to the entering into of the Cooperation Development Agreement and is owned as to 60% and 40% by TA Prosperity and the JV Partner, respectively, upon completion of the Deemed Disposal.

The principal business activity of the Target Company is investment holding.

(5) The Project Company

The Project Company is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Target Company.

The principal business activity of the Project Company is property development.

LISTING RULES IMPLICATIONS

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As one of the Percentage Ratios in respect of the Deemed Disposal exceeds 5% but is less than 25%, the entering into of the Cooperation Development Agreement and the transactions contemplated thereunder constitutes a discloseable transaction for the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As (i) the sole purpose of the Target Company is to develop the Land (via its interest in the Project Company) which is of revenue nature in the ordinary and usual course of business of the Company; (ii) the transactions contemplated under the Cooperation Development Agreement are on an arm's length basis and on normal commercial terms; and (iii) the Target Company, may not, without the unanimous consent of the JV Partner and TA Prosperity, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the formation of the Target Company as a joint venture as a result of the Deemed Disposal do not constitute a notifiable transaction of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Capital Injection	the capital injection of RMB160,000,000 (equivalent to approximately HK\$192,771,000) by the JV Partner and RMB239,000,000 (equivalent to approximately HK\$287,952,000) by TA Prosperity pursuant to the Cooperation Development Agreement
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Cooperation Development Agreement”	the cooperation development agreement dated 9th November, 2021 entered into among TA Prosperity, the JV Partner, the Target Company and the Project Company in relation to the cooperation arrangement on the development of the Land

“Deemed Disposal”	the reduction of TA Prosperity’s equity interest in the Target Company from 100% to 60% pursuant to the Cooperation Development Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKGAAAP”	the Hong Kong generally accepted accounting practice
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Partner”	上海同運投資有限公司 (Shanghai Tongyun Investment Co., Ltd.*), a company established in the PRC with limited liability and owned by the Partners
“Land”	a parcel of land situated in Ningbo City, Zhejiang Province, the PRC with a site area of 26,604 m ²
“Land Cost”	RMB798,120,000 (equivalent to approximately HK\$961,590,000), being the acquisition cost of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Partners”	Mr. Liu Zhe, Mr. Sun Yigong and Ms. Huang Min, who own 43.5%, 43.5% and 13% of the equity interest in the JV Partner, respectively
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“Project Company”	寧波盛合置業有限公司 (Ningbo Shenghe Property Development Co., Ltd*), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	上海鷺島置業有限公司 (Shanghai Ludao Property Development Co., Ltd*), a company established in the PRC with limited liability, and a direct wholly-owned subsidiary of TA Prosperity immediately prior to the entering into of the Cooperation Development Agreement and owned as to 60% and 40% by TA Prosperity and the JV Partner, respectively, upon completion of the Deemed Disposal
“TA Prosperity”	上海天安盛世房地產有限公司 (Shanghai Tianan Prosperity Real Estate Co., Ltd.*), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“m ² ”	square metres
“%”	per cent.

On behalf of the Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

Hong Kong, 9th November, 2021

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.83. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman) and Dr. Moses Cheng Mo Chi being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

* *The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*